

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 547 - SB 1984

March 24, 2011

SUMMARY OF BILL: Effective October 1, 2011, increases, from five to eight years, the renewal cycle for a driver license or photo identification. Increases by \$2 per year, the fee for a license or photo-identification. Authorizes the Commissioner of the Department of Safety (DOS) to issue initial licenses for valid periods of three to eight years in order to transition to an eight year renewal cycle.

ESTIMATED FISCAL IMPACT:

**Increase State Revenue – \$21,100,000/FY11-12
\$21,900,000/FY12-13
\$22,200,000/FY13-14
\$27,000,000/FY14-15
\$30,900,000/FY15-16
\$31,100,000/FY16-17
\$41,000,000/FY17-18
\$32,700,000/FY18-19
\$41,000,000/FY19-20
\$31,500,000/FY20-21
Exceeds \$31,000,000/FY21-22 and Subsequent Years**

Increase State Expenditures – \$72,000/One-Time

Assumptions:

- According to DOS, changes to the current computer system will require a contractor for 960 programming hours at \$75 per hour. Total one-time expenditures will be \$72,000 (960 hours x \$75).
- Beginning October 1, 2011 licenses will be staggered in five-year, six-year, and eight-year renewal cycles to maintain an even flow of traffic in license stations. In FY11-12, 25 percent of applicants will receive a five-year license, 25 percent will receive a six-year license, and 50 percent will receive an eight-year license. In FY12-13 and FY13-14, 50 percent will receive a five-year license, 25 percent will receive a six-year license, and 25 percent will receive an eight-year license. Fees for five and six-year licenses will be prorated to reflect the fee increase. In FY14-15, 25 percent will receive a five-year license, 25 percent will receive a six-year license, and 50 percent will receive an eight-

year license. In FY15-16, 25 percent will receive a five-year license and 75 percent will receive an eight-year license. Beginning in FY16-17 all licenses will be issued for eight-year cycles.

- In FY11-12, state revenue will increase by \$21,100,000. Due to the effective date, this bill will be effective for nine months of FY11-12 beginning October 1.
- In FY12-13, state revenue will increase by \$21,900,000. In FY13-14 state revenue will increase by \$22,200,000. In FY14-15 state revenue will increase by \$27,000,000. In FY15-16 state revenue will increase by \$30,900,000. In FY16-17 state revenue will increase by \$31,100,000. In FY17-18 state revenue will increase by \$41,000,000. In FY18-19 state revenue will increase by \$32,700,000. In FY19-20 state revenue will increase by \$41,000,000. In FY20-21 state revenue will increase by \$31,500,000.
- In FY21-22 and subsequent years, recurring state revenue will increase by an average exceeding \$31,000,000.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

/jaw